

ORIGINAL

E-01345A-10-0219

Antonio Gill

From: John LeSueur
Sent: Thursday, June 24, 2010 2:38 PM
To: Antonio Gill
Subject: FW: Solar Alliance
Attachments: SA Preliminary Comments to APS 2011 REST Plan.docx



Please docket.

From: Tom Alston [mailto:tom.alston@americanpv.com]
Sent: Tuesday, June 22, 2010 3:36 PM
To: Undisclosed recipients
Subject: Solar Alliance

Hello all,

Attached are the Solar Alliance's preliminary recommendations regarding the draft APS 2011 REST Plan. Please let me know if you have any questions or comments. This was docketed on Friday.

Best,

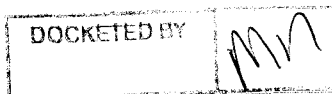
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Arizona Corporation Commission
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JUN 24 2010



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AZ CORP COMMISSION
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TO: The Arizona Corporation Commission
FROM: The Solar Alliance
DATE: May 10, 2010
DOCKET No.:

The Solar Alliance Preliminary comments to the APS 2011 REST Plan

The Solar Alliance appreciates this chance to address the Corporation Commission (Commission) with regard to the APS 2011 Renewable Energy Standard and Tariff (REST) plan.

The exponential growth in demand for residential renewable energy systems, which comprise primarily of solar thermal and solar electric systems, offers strong evidence that Arizona utility customers are ready to adopt renewable energy technologies on a scale capable of meeting the future residential Distributed Generation (DG) goals as set forth in the Commission's Renewable Energy Standard (RES).

The Alliance supports policies that build a foundation for long term, sustainable solar markets. As these more permanent structures come into place and market matures, modifying incentives, which are often more "short term", can make sense. The Solar Alliance supports adjustments to incentives in a manner that is predictable and in a manner that allows APS the flexibility required to attain its RES requirements for residential DG, based on market conditions.

Unfortunately, demand for residential incentives has significantly out-paced available funding and currently residential Arizona Public Service (APS) customers seeking incentives for residential PV project will have to wait until 2011 before funding will be available. This funding gap has put an effective halt to residential solar projects in the APS service territory for the remainder of the year.

With these concerns in mind, the alliance suggests the following modifications to the residential distributed generation program to be included in the 2011 plan. If adopted, these changes will greatly reduce the chances of program over-subscription, as well as under subscription, and provide a basis for the stable achievement of REST goals.

1. It is critical to develop trigger mechanisms that lead to automatic reductions and increases in the UFI rate in order to ensure that market stability is maintained. On April, 12 2010 APS submitted a document to the docket that dealt with reduced residential incentives a (E-01345A-09-0338). This document was a response to a written inquiry that Chairman Mayes sent to APS regarding the status of their residential solar program. The APS response to question 6 indicated that they would require an additional 18.5 MW of residential PV to meet 2011 REST requirements. With this number in mind The residential up-front incentives and should designed according to the following principles:
 - a. If by on or before May, 1 of 2011 APS has reserved funds for projects representing 50% or more of the 18.5 MW of capacity required to meet its 2011 residential DG goals ,then the incentive will automatically drop to \$1.75 per watt DC.

- b. If on or before Aug, 1 of 2011 APS has reserved funds for projects representing 75% or more of the 18.5 MW of capacity required to meet its 2011 residential DG goals, then the incentive will automatically drop to \$1.75 per watt DC.
 - c. If on or before Oct, 1 of 2011 APS has reserved funds for projects representing 90% or more of the 18.5 MW of capacity required to meet its 2011 residential DG goals, then the incentive will automatically drop to \$1.75 per watt DC.
 - d. If on or before June, 1 of 2011 APS has reserved funds for projects representing less than 50% of capacity required to meet its 2011 residential DG goals, then the incentive will automatically increase to \$2.15 per watt DC.
2. The Alliance recognizes that contracts for residential solar projects entered into in the 4th quarter of 2010 will be eligible for 2011 funding incentives.

Such a system can maximize the number of kW's installed per ratepayer dollar collected without imposing a delay on the market while APS requests program changes through the Commission. Experience in Arizona suggests that if incentives are scheduled to decline or expire then demand can often skyrocket. In April 2009 SRP received just over 50 applications for incentives to install residential PV systems. At the end of April, SRP announced that the incentives would be declining and in May they received well over 400 applications.¹

Failure to establish triggers now could cause start-stop conditions, as recently experienced in TRICO and SSVEC service territories. If APS were to meet its Residential DG requirements midway through the year and funding was completely exhausted, it could have devastating impacts on the industry and the market. Accordingly, any workshop to include the discussion of trigger mechanisms should include residential as well as non-residential market segments.

Respectfully, submitted on behalf of the Solar Alliance.

Tom Alston



State Lead for the Solar Alliance
